

Message Text

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42

ACTION NEA-12

INFO OCT-01 AF-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 (ISO) W

----- 017169

R 191421Z MAR 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 6962

INFO AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

USINT ALGIERS

USINT DAMASCUS

USINT BAGHYXD UNN

UNCLAS BEIRUT 3142

EO 11652: N/A

TAGS: EFIN XF

SUBJECT: BEIRUT WINS OUT AS SEAT OF NEWLY ORGANIZED ARAB

BANK UNION

1. REPRESENTATIVES OF 75 BANKS FROM 14 ARAB COUNTRIES
MET HERE RECENTLY AS A CONSTITUENT ASSEMBLY TO FORM A UNION OF ARAB
BANKS. MAIN PURPOSE OF THE UNION WILL
BE TO ESTABLISH CLOSER COOPERATION AMONG ARAB BANKS
IN ORDER BETTER TO UTILIZE GROWING ARAB OIL RESOURCES
IN THE INTEREST OF THE ARAB WORLD. MEMBERSHIP WILL BE
OPEN TO BANKS CONTROLLED AT LEAST 50 PERCENT BY ARABS.

2. A HEATED POINT OF CONTROVERSY WAS THE LOCATION OF
THE UNION'S HEADQUARTERS, WITH GREAT PRESSURE BEING
APPLIED IN FAVOR OF CAIRO. THANKS TO SOME SKILLFUL
MANEUVERING, HOWEVER, BEIRUT WON OUT AND THE PRESI-
DENT OF THE LEBANESE BANKERS ASSOCIATION, JOSEPH
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GEAGEA, WAS ELECTED CHAIRMAN OF THE BOARD. NO

DECISION HAS SO FAR BEEN TAKE, ON THE OTHER HAND,
WITH RESPECT TO FILLING THE POSITION OF SECRETARY
GENERAL, BUT IT IS REPORTED THAT THIS POSITION COULD
GO TO AN EGYPTIAN AS A CONSOLATION PRIZE.

3. COMMENT: UNION'S LOCATION IN BEIRUT LENDS FURTHER
PREITIGE TO THE CITY AS AN INTERNATIONAL FINANCIAL
CENTER. A FURTHER AND MORE IMPORTANT STEP IN THIS
DIRECTION, HOWEVER, IS THE PROPOSED LEGISLATION
EXPECTED TO PASS SHORTLY WHICH WOULD CREATE A FREE
BANKING ZONE FOR DEPOSITS OF FOREIGNERS. SUCH
DEPOSITS (IN CURRENCY OTHER THAN LEBANESE POUNDS)
WOULD BE FREE OF THE CURRENT INTEREST TAX AND MINIMUM
RESERVE DEPOSIT REQUIREMENTS, AS WELL AS DEPOSIT IN-
SURANCE.
GODLEY

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